

MONITORING QUALITY AND INTEGRITY



Loraine Woodhouse
Non-Executive Director

Committee composition and governance

The Committee continues to be composed solely of independent Non-Executive Directors with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities.

Members' attendance at Committee meetings is set out in the following table:

Director	Position	Date of Committee appointment	Attendance
Loraine Woodhouse	Chair	31 Mar 2021	3/3
Alastair Hughes*	Member	1 Jan 2018	2/3
Preben Prebensen	Member	1 Jan 2021	3/3

* Alastair Hughes was unable to attend the March 2024 Committee meeting due to illness.

FY24 calendar

The calendar gives an overview of the key matters considered by the Committee during the year.

The key shows the main areas that the Committee focused on and how we have spent our time during the year.

Key

- Investment and development property valuations
- Corporate and financial reporting and fair, balanced and understandable assessment
- Risk management and internal controls
- External audit and internal audit

May 23

- Valuation reports, effectiveness
- 2023 draft Annual Report and Accounts and preliminary announcement
- Fair, balanced and understandable assessment
- Going concern and viability assessments
- Sustainability assurance report
- Corporate Governance Code compliance
- Assessment of principal and emerging risks, key risk indicators and risk appetite
- Internal controls effectiveness
- Anti-Money Laundering update
- Internal audit update
- External audit report
- Auditor reappointment and subsidiary auditor approval

July 23

AGM

Resolutions for the Audit Committee to determine the auditor's remuneration and the reappointment of the external auditor were approved by shareholders.

November 23

- Valuer report and valuer effectiveness
- 2023 half year results and draft preliminary announcement
- Key financial reporting judgements
- Going concern review
- Corporate governance reforms update
- Risk management update
- Internal controls effectiveness
- Technology transformation update
- Technology risk update
- External audit half year review
- Internal audit update
- External audit plan, fees and engagement letter
- External audit tender
- Internal audit update on work performed

March 24

- Financial reporting judgements
- Going concern and viability assessments
- Corporate governance reforms update
- Sustainability reporting update
- Assessment of principal and emerging risks, key risk indicators and risk appetite
- Annual fraud and anti-bribery and corruption update
- Whistleblowing report
- Data privacy compliance update
- Annual tax update, including key tax events and tax compliance
- Effectiveness of Audit Committee, internal and external auditors
- Internal audit plan and update on work performed

I am pleased to present the report of the Audit Committee for the year ended 31 March 2024.

The Committee plays a key role in the governance of the Group's financial reporting, risk management, internal controls and assurance processes and the external audit. As well as our main areas of responsibility, throughout the year, the Committee paid particular attention to the changes to the Corporate Governance Code published in the year and the external audit tender, further details of which are provided in the case studies in this Report.

I hope that readers will find the information set out on the following pages useful in understanding the Committee's work over the last year.

For the purposes of the Code and FCA Handbook, the Board is satisfied that the Committee as a whole has competence relevant to the real estate sector, and I am deemed to meet the specific requirement of having recent and relevant accounting experience. Further information about members' qualifications can be found in the Directors' biographies on pages 98 to 101.

The Committee meets privately with both external and internal auditors after each scheduled meeting and continues to be satisfied that neither is being unduly influenced by management. As Committee Chair, I additionally hold regular meetings with the Chief Executive, Chief Financial Officer and other members of management to obtain a good understanding of key issues affecting the Group and am thereby able to identify those matters which require meaningful discussion at Committee meetings. I also meet the external audit partner, internal audit partner and representatives from each of the valuers privately to discuss key issues as well as providing them the opportunity to raise any concerns they may have.

Committee effectiveness

The Committee reviewed its effectiveness as part of the wider external Board evaluation which concluded that the Committee continued to operate effectively.

The Committee reviews its terms of reference on an annual basis and this year that review included consideration of the Financial Reporting Council published minimum standard for audit committees, concluding that no changes were required.

The terms are available on our website at britishland.com/structure-committees.



Loraine Woodhouse
Chair of the Audit Committee

Responsibilities and key areas of focus

Corporate and financial reporting

Monitoring the integrity of the Company's and Group's financial statements and any formal announcements relating to financial performance, and considering significant financial reporting issues, judgements and estimates. Considering the appropriateness of the accounting treatment of significant transactions, including asset acquisitions and disposals, and the viability and going concern statements. Reviewing the content of the Annual Report and preliminary announcement ahead of publication, including sustainability related disclosures and related assurance. Monitoring and responding to key changes to Corporate Governance regulations and best practice.

Fair, balanced and understandable assessment

Assessing whether the Annual Report is fair, balanced and understandable.

External audit

Oversight and remuneration of the external auditor, assessing their effectiveness and independence, and making recommendations to the Board on the appointment of, and policy for non-audit services provided by, the external auditor.

Internal audit

Monitoring and reviewing the internal audit plan, reports on the work of the internal auditor, and reviewing its effectiveness, including its resourcing.

Risk management and internal controls

Reviewing the effectiveness of the system of internal control and risk management. Reviewing the process for identification and mitigation of principal and emerging risks, assessment of risk appetite and key risk indicators, and challenging management actions where appropriate.

Investment and development property valuations

Considering the valuation process, assumptions and judgements made by the valuers and the resulting outcomes. Monitoring the effectiveness of the Company's valuers and the proportion of the portfolio for which each valuer has responsibility.

REPORT OF THE AUDIT COMMITTEE CONTINUED

Focus for the coming year:

- processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in the context of the wider macroeconomic environment;
- monitor key risk areas, particularly those scheduled for review by internal audit including, but not limited to, key financial, reporting, operational and compliance controls, health and safety management, business continuity planning, ESG reporting and GDPR processes;
- continue to enhance our key ESG reporting and technology controls;
- monitor the impact of the implementation of the changes associated with the review of investment valuation standards undertaken by RICS on the valuation processes of the Group; and
- following the external audit tender conducted this year, ensuring the successful transition to the new external audit partner, including enhancing the use of technology to facilitate the external audit process.

Corporate and financial reporting

The Committee continues to review the content and tone of the preliminary results, Annual Report and Accounts and half year results and make recommendations to the Board regarding their accuracy and appropriateness. Drafts of the Annual Report and Accounts are reviewed by the Committee as a whole prior to formal consideration by the Board, with sufficient time provided for feedback.

The Committee reviewed the key messaging included in the Annual Report and Accounts and half year results, paying particular attention to those matters considered to be important to the Group by virtue of their size, complexity, level of judgement required and potential impact on the financial statements and wider business model.

The Committee has satisfied itself that the controls over the accuracy and consistency of the information presented in the Annual Report and Accounts are robust. The Committee reviewed the procedure undertaken to enable the Board to provide the fair, balanced and understandable confirmation to shareholders.

Fair, balanced and understandable (FB&U) reporting

The Committee considers annually whether, in its opinion, the Annual Report and Accounts, taken as a whole, is FB&U and whether it provides the information necessary for stakeholders to assess the Company's position, performance, business model and strategy.

The following process is followed by the Committee in making its assessment:

1 Management review

Senior management including members of the Investor Relations, Financial Reporting, Analysis, Verification and Company Secretariat teams review and challenge the content and layout of the Annual Report and press release. A report is produced summarising their findings and subsequent changes.

2 External auditor

The external auditor reviews content throughout the drafting process, challenging management on its accuracy, consistency and appropriateness. Any significant issues are reported to the Committee and to the executives responsible.

3 Internal verification

Alongside the external auditor's review, a small internal group reviews the Annual Report, oversees a verification process for all factual content and reports its findings to the Committee.

4 Committee review

The Committee reviews the outputs from stages 1-3 above and, if appropriate, makes a recommendation to the Board that the report is FB&U.

5 Recommend to Board

The Board considers the Committee's recommendation that the FB&U statement be made and if thought fit, approves it. The statement can be found in the Directors' Responsibilities Statement on page 147.

The significant issues considered by the Committee in relation to the financial statements and broader work it has undertaken during the year ended 31 March 2024, and the actions taken to address these issues, are set out in the table overleaf.

Significant issues considered and how these issues were addressed

Outcome

Going concern and viability statement

The Committee reviewed management's analysis supporting the preparation of the financial statements on a going concern basis. This included consideration of forecast cash flows, availability of committed debt facilities and expected covenant headroom.

The Committee also reviewed management's assessment of whether the Group's long term viability appropriately reflects the prospects of the Group and covers an appropriate period of time. This included consideration of whether the assessment adequately reflected the Group's risk appetite and principal risks as disclosed on pages 47 to 58; whether the period covered by the statement was reasonable given the strategy of the Group and the environment in which it operates; and whether the assumptions and sensitivities identified, and stress tested, represented severe but plausible scenarios in the context of solvency or liquidity.

The Committee received a report from the external auditor on the results of the testing undertaken on management's analysis in both cases.

The Committee satisfied itself that the going concern basis of preparation remained appropriate. In doing so, the Committee requested that a reverse stress test be undertaken, in addition to the severe but plausible scenarios conducted. The Committee agreed with management's assessment and recommended the viability statement to the Board. The viability statement, which includes our going concern statement and further details on this assessment, is set out on page 59.

Revised Corporate Governance Code

The Committee continued to monitor the status of Corporate Governance reforms throughout the year, including the finalised amended Corporate Governance Code and related guidance in January 2024. The Committee received assessments and reports on management's readiness for the changes.

Noting that the most material changes to the Corporate Governance Code related to internal controls, the Committee was satisfied that the Governance arrangements of the Group were well placed to ensure timely compliance with the new Corporate Governance Code.

Accounting for significant transactions

The accounting treatment of significant property acquisitions, disposals, financing and leasing transactions is a recurring risk for the Group with non-standard accounting entries required, and in some cases management judgement applied. The Committee reviewed management papers on key financial reporting matters, including those for significant transactions, as well as the external auditor's findings on these matters. In particular, the Committee considered the accounting treatment of the formation of a joint venture with Royal London Asset Management in respect of 1 Triton Square. The external auditor separately reviewed management's judgements in relation to these transactions and determined that the approach was appropriate.

The Committee was satisfied that the accounting treatment and related financial disclosure of significant transactions was appropriate.

Valuation of property portfolio

The valuation of investment and development properties conducted by external valuers is inherently subjective as it is undertaken on the basis of assumptions made by the valuers which may not prove to be accurate. The outcome of the valuation is significant to the Group in terms of investment decisions, results and remuneration. The external valuers presented their reports to the Committee prior to the half year and full year results, providing an overview of the UK property market and summarising the performance of the Group's assets. Significant judgements made in preparing these valuations were highlighted.

The Committee analysed the reports and reviewed the valuation outcomes, challenging assumptions made where appropriate. The Committee queried the valuers on how the challenging macroeconomic environment, including heightened interest rates, had impacted valuations. The Committee also challenged the valuers on the availability of transactional evidence to support their valuations, particularly within the London offices market. The Committee was satisfied with the valuation process and the effectiveness of the Company's valuers. The Committee approved the relevant valuation disclosures to be included in the Annual Report.

REPORT OF THE AUDIT COMMITTEE CONTINUED

Significant issues considered and how these issues were addressed Outcome

Taxation provisions

The Committee reviewed the appropriateness of taxation provisions made and released by the Group during the period. It considered papers prepared by management and discussed the views of the external auditor to obtain assurance that amounts held were commensurate with the associated risks.

The Committee was satisfied that the taxation provisions were appropriate. 'Our Approach to Tax', which was reviewed by the Committee in the year, is available at britishland.com/taxstrategy.

Risk appetite and principal risks

The Committee received reports from management which included a review of key risk indicators in the context of our risk appetite and updates on our operational risks. They also received information on the process conducted in the year to review the potential emerging risks of the Group, including an emerging risk workshop held by our internal auditors for management across the business.

The Committee challenged management's assessment of the principal and emerging risks, as well as the appropriate optimal and tolerable ranges for relevant key risk indicators for monitoring these risks, given wider macroeconomic volatility. The Committee resolved that management's assessment of the principal and emerging risks and risk appetite be recommended to the Board.

Assessment of internal controls

The Committee has continued to seek to enhance the Group's internal control environment, particularly in evolving areas such as ESG reporting and technology. Management provided biannual confirmation of the effectiveness of internal controls. For further information, see the 'Managing risk in delivering our strategy' section on pages 43 to 46.

The Committee reviewed management's biannual confirmation of the effectiveness of internal controls. This includes internal control testing of operating effectiveness for the Group's key controls, providing an additional level of assurance. The Committee reviewed identified control exceptions and challenged management on remediation actions, where necessary. They also reviewed the internal audit report into key controls conducted in the year. Based on the evidence gathered, the Committee assessed that the key internal controls of the Group were effective as at the balance sheet date, making such a recommendation to the Board.

TCFD and ESG reporting

The Committee reviewed management's continuing compliance with the TCFD requirements for this year's Annual Report and Accounts, as well as other ESG reporting. It considered any changes proposed to both the Strategic Report and financial statements. It also considered the future changes in related Sustainability reporting standards in the year.

The Committee continued to review and provide comment on the revised TCFD disclosure and other ESG reporting, along with discussing the level of assurance provided over key sustainability related metrics, ahead of the final recommendation of the Annual Report and Accounts for approval by the Board. The Committee satisfied itself that the Group's resulting TCFD and ESG reporting disclosure was appropriate.

External audit

In line with applicable legislation, the Group was required to conduct an external audit tender for the year ending 31 March 2025 following 10 years of PricewaterhouseCooper's (PwC) appointment, with a minimum change requirement of at least a rotated partner. To enable the opportunity for shadowing through the external audit for the year ended March 2024, an appointment was planned for January 2024.

Following the conclusion of the competitive tender, the Committee recommended to the Board that a resolution to reappoint PwC as external auditor of the Company be put to shareholders at the 2024 AGM.

The Committee is responsible for overseeing the relationship with the external auditor and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee reviews annually the audit requirements of the Group, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

BDO LLP provides audit services to a number of wholly-owned subsidiary and joint venture companies.

Fees and non-audit services

The Committee discussed the audit fee for the 2024 Annual Report with the external auditor and approved the proposed fee on behalf of the Board.

In addition, the Group has adopted a policy for the provision of non-audit services by the external auditor in accordance with the FRC's 2019 Revised Ethical Standard. The policy helps to safeguard the external auditor's independence and objectivity. The policy allows the external auditor to provide non-audit services to British Land where they are considered to be the most appropriate provider for audit

related services, including formal reporting relating to borrowings, shareholder and other circulars and work in respect of acquisitions and disposals. In some circumstances, the external auditor is required to carry out the work because of their office. In other circumstances, selection would depend on which firm was best suited to provide the services required. In addition, the following protocols apply to non-audit fees:

- total non-audit fees are limited to 70% of the audit fees in any one year. Additionally, the ratio of audit to non-audit fees is calculated in line with the methodology set out in the FRC's 2019 Revised Ethical Standard;
- Committee approval is required where there might be questions as to whether the external auditor has a conflict of interest; and
- the Audit Committee Chair is required to approve in advance any non-audit service with a value between £25,000 and £100,000, and Committee approval is required for any service over £100,000.

Total fees for non-audit services, primarily relating to a review of interim financial statements and formal reporting relating to borrowings, amounted to £0.26m, which represents 37% of the total Group audit fees payable for the year ended 31 March 2024. Details of fees charged by the external auditor during the year are set out on page 170.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014.

Effectiveness

Assessment of the annual evaluation of the external auditor's performance was undertaken by way of a questionnaire completed by key stakeholders across the Group, including senior members of the Finance team. The review took into account the quality of planning, delivery and execution of the audit (including the audit of joint venture and subsidiary companies), the technical competence and strategic knowledge of the audit team and the effectiveness of reporting and communication between the audit team and management.

PwC provides the Committee with an annual report on its independence, objectivity and compliance with statutory, regulatory and ethical standards. For the year ended 31 March 2024, as for the prior year, the external auditor confirmed that it continued to maintain appropriate internal safeguards to ensure its independence and objectivity. PwC also confirms at each Committee meeting that it remains independent, and signs a letter of confirmation stating its independence annually.

The Committee concluded that the quality of the external auditor's work, and the level of challenge, knowledge and competence of the audit team, had been maintained at an appropriate standard during the year.

External audit tender

Timetable

In line with applicable legislation, the Group was required to conduct an external audit tender for the year ending 31 March 2025 following 10 years of PwC's appointment, with a minimum change requirement of at least a rotated partner.

The following activities took place during the year:

- Partner interviews with the confirmed bidders
- Request for proposals (RFP) issued to the confirmed bidders with a submission deadline of December 2023
- Data room of relevant information provided to confirmed bidders
- 'Meet the management' sessions organised in November 2023, post half year results

The RFP set out critical success factors for the external audit tender on which the proposals and presentations would be scored, being value add partnering, innovative commercial thinking, competence and capability, audit quality, independence and challenge, transition and delivery.

RFP responses were issued to the Audit Committee in December 2023 with final presentations occurring in January 2024. Following a recommendation to the Board in January 2024, the Board approved the reappointment of PwC as the Group's external auditor.

Internal Audit

The role of internal audit is to act as an independent and objective assurance function, designed to improve the effectiveness of the governance, risk management and internal controls framework in mitigating the key risks of British Land. Deloitte LLP, in their first year of appointment, provided internal audit services to British Land during the financial year and attended all Committee meetings to present their audit findings alongside the status of management actions.

During the year, the Committee reviewed, made suggested amends to and approved the annual internal audit plan, including consideration of the plan's alignment to the principal risks of the Group and its joint ventures. The Committee also reviewed, made suggested amends to and approved an internal audit three-year strategy covering FY24 to FY26. Internal audits completed during the year included those in relation to key financial and operational controls, digital placemaking, Treasury processes, UK Corporate Governance Reform Readiness, and Development Decision-making Governance. Overall, no significant control issues were identified although several process and control improvements were proposed, with follow up audits scheduled where necessary.

Effectiveness

The annual effectiveness review of the internal auditor provider included consideration of whether objectives defined in the internal audit charter had been met, review of the quality of the internal audit work undertaken, and the skills and competence of the internal audit teams. Key stakeholders across the Group, including Committee members, Head of Secretariat, Head of Financial Reporting and other senior employees, completed a questionnaire to assess the effectiveness of the internal auditor. The Committee concluded that Deloitte had discharged its duties as internal auditor effectively throughout the year.

REPORT OF THE AUDIT COMMITTEE CONTINUED

Feedback to inform the Committee's review of the effectiveness of the internal and external audit

Internal audit/external audit	Management	Audit Committee
<ul style="list-style-type: none"> - Assessed audit resource and expertise - Reviewed the quality of audit work, skills and competence of the audit teams - Considered feedback from PwC in relation to the external audit process - Considered feedback from Deloitte in relation to their performance during the year - Reviewed Deloitte's confirmations relating to the internal audit activities, including their independence, composition and interaction with external auditor, Committee and Board - Assessed the internal audit plan 	<ul style="list-style-type: none"> - Reviewed the work carried out by the Risk Committee - Reviewed the questionnaires completed by key stakeholders regarding the Committee, and external and internal auditors' effectiveness - Received assurance that the provision of information to the external auditor complied with the relevant disclosure processes 	<ul style="list-style-type: none"> - Considered the views from members, the Finance team and regular attendees of the Audit Committee - Assessed the output from the Committee evaluation and surveys conducted during this process - Reviewed the external audit reports provided to the Committee during the year, with a specific focus on the demonstration of professional scepticism and challenge of management assumptions. In particular, the Committee noted the significant challenge provided by external audit to management regarding the London office portfolio valuation assumptions in light of the challenging macroeconomic environment - Assessed progress against the prior year's focus areas
<p>Outcome</p> <p>Following a review of the outputs from each source outlined above, the Committee concluded the internal and external auditors had operated effectively. For both internal audit and external audit, areas of focus for the</p>		
	<p>year ahead have been agreed taking feedback from FY24 into account and communicated with our providers as part of a continuous improvement approach.</p>	<p>We maintain open and transparent communication with our providers, and will continue to seek market insights and best practices from both internal audit and external audit throughout FY25.</p>

Investment and development property valuations

The external valuation of British Land's property portfolio is a key determinant of the Group's balance sheet, its performance and the remuneration of the Executive Directors and senior management. The Committee is committed to the rigorous monitoring and review of the effectiveness of its valuers as well as the valuation process itself. The Group's valuers are CBRE, Knight Frank, Jones Lang LaSalle (JLL) and Cushman & Wakefield.

The Committee reviews the effectiveness of the external valuers biannually, focusing on a quantitative analysis of capital values, yield benchmarking, availability of comparable market evidence and major outliers to subsector movements, with an annual qualitative review of the level of service received from each valuer.

The valuers attend Committee meetings at which the full and half year valuations are discussed, presenting their reports which include details of the valuation process, market conditions and any significant judgements made. The external auditor reviews the valuations and valuation process,

having had full access to the valuers to determine that due process had been followed and appropriate information used, before separately reporting its findings to the Committee. The valuation process is also subject to regular review by internal audit. The Group's valuers and external auditor have confirmed to the Committee that the process undertaken by British Land to ascertain the valuation of its real estate portfolio is best in class. British Land has fixed fee arrangements in place with the valuers in relation to the valuation of wholly-owned assets, in line with the recommendations of the Carsberg Committee Report.

Risk management and internal controls

A detailed summary of the Group's risk framework as well as additional information on our systems of internal control is set out in the 'Managing risk in delivering our strategy' section on pages 43 to 46. The Board has delegated responsibility for overseeing the effectiveness of the Group's risk management and internal control systems to the Committee. The Board confirms that the systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts and have been regularly reviewed throughout the year. The Board is satisfied that the internal controls and systems of risk management are effective. An overarching view of the internal controls system, and the role of the Board and Committee, is set out on the next page. The Committee has oversight of the activities of the executive Risk Committee, receiving minutes of all Risk Committee meetings and discussing any significant matters raised.

As well as complying with the 2018 Corporate Governance Code, the Group has adopted the best practice recommendations in the FRC 'Guidance on risk management, internal control and related financial and business reporting' and the Company's internal control framework operates in line with the recommendations set out in the internationally recognised COSO Internal Control Integrated Framework.

Emerging Risks

At the full and half year, the Committee reviewed the Group's principal and emerging risks, including consideration of how risk exposures have changed during the period. Both external and internal risks are reviewed and their effect on the Company's strategic aims considered. The assessment of emerging risks includes a bottom-up review of all business units and a deep dive by the Risk Committee. An emerging risk workshop was held

with Deloitte in September 2023 attended by over 20 participants from across the business. The aim was to gain deeper insights into and prioritise emerging threats and opportunities which may impact the business. The Audit Committee made a recommendation to the Board regarding the identification and assessment of principal and emerging risks. The Board accepted the Committee's recommendation.

Effectiveness of Internal Controls

Half yearly, in conjunction with the internal auditor, management reports to the Committee on the effectiveness of internal controls, highlighting control issues identified through the exceptions reporting and key controls testing across all key operational and financial controls. Risk areas identified are considered for incorporation in the internal audit plan and the findings of internal audits are taken into account when identifying and evaluating risks within the business. Key observations and management actions are reported to, and debated by, the Committee. For the year ended 31 March 2024, the Committee has not identified, nor been advised of, a failing or weakness which it has deemed to be significant.

Risk & Remuneration

At the request of the Remuneration Committee, the Audit Committee considers annually the level of risk taken by management and whether this affects the performance of the Company. The Remuneration Committee takes this confirmation into account when determining incentive awards granted to the Executive Directors and senior management. Taking into account reports received on internal key controls and risk management, and the results of the internal audit reviews, the Committee concluded that for the year ended 31 March 2024 there was no evidence of excessive risk taking by management which ought to be taken into account by the Remuneration Committee when determining incentive awards.

Financial Reporting

The Board is responsible for preparing the Annual Report and confirms in the Directors' Responsibilities Statement set out on page 147 that it believes that the Annual Report, taken as a whole, is fair, balanced and understandable. The basis on which the Company creates and preserves value over the long term is described in the Strategic Report.

Our financial reporting process is managed using documented accounting policies and reporting formats supported by detailed instructions and guidance on reporting requirements. This process is subject to oversight and review by both the external auditors and the Audit Committee.

Whistleblowing

The Group's whistleblowing arrangements enable all staff, including temporary and agency staff, suppliers and occupiers, to report any suspected wrongdoing. These arrangements, which are monitored by the HR Director, General Counsel and Company Secretary and reviewed by the Committee annually, include an independent and confidential whistleblowing service for staff provided by a third party. The Committee received a summary of all whistleblowing reports received during the year and concluded that the response to each report by management was appropriate. The whistleblowing reports were also relayed to the Board by the Committee Chair.

REPORT OF THE AUDIT COMMITTEE CONTINUED

System of internal control

The elements that make up the system of internal control are:

Governance framework: Structured with three lines of defence, the governance framework enables the efficient prioritisation of key risks and actions to mitigate risk. An illustration can be found on page 43.

Strategic risk management: A holistic view ensures that risk management is underpinned by our strategic objectives, taking into consideration our priorities and the external environment.

Operational risk management: Each business unit is supported to manage its own risk to ensure that potential risks are identified and mitigated at an early stage. This embeds the responsibility of risk management at a business unit level. Further detail can be found on page 44.

Assurance framework: An element of internal control that is independent of business functions and Executive Committee and Board members.

Standards and quality framework: The overarching standards and codes that the Company and its employees adhere to in performing its duties.

Internal control framework

Governance	Strategic risk management	Operational risk management	Assurance	Standards and quality framework
Board, Audit Committee and ESG Committee	<ul style="list-style-type: none"> - Determine strategic action points and risk appetite - Set strategic and financial goals - Assess the extent and nature of principal and emerging risks 	<ul style="list-style-type: none"> - Review effectiveness of risk management and internal control systems 	<ul style="list-style-type: none"> - External audit - Internal audit 	<ul style="list-style-type: none"> - Group policies and ethical standards e.g. Whistleblowing Policy, Risk & Internal Control Management Policy, Internal Control framework aligns with COSO Internal Control Integrated Framework, FRC Guidance
Executive Committee and Risk Committee	<ul style="list-style-type: none"> - Identify principal and emerging risks - Monitor key risk indicators 	<ul style="list-style-type: none"> - Aggregation of risk exposure and adequacy of risk mitigation - Going concern and viability statement 	<ul style="list-style-type: none"> - Group Compliance - Group Health and Safety - Business leads report on key internal controls biannually 	<ul style="list-style-type: none"> - Review and approve business unit policies where relevant
Business units and Risk and Internal Control team	<ul style="list-style-type: none"> - Execute strategic actions 	<ul style="list-style-type: none"> - Risk register - Day-to-day responsibility for internal controls 	<ul style="list-style-type: none"> - Risk and Control team oversees the business unit process, including sample testing 	<ul style="list-style-type: none"> - Business unit policies, procedures, processes and systems